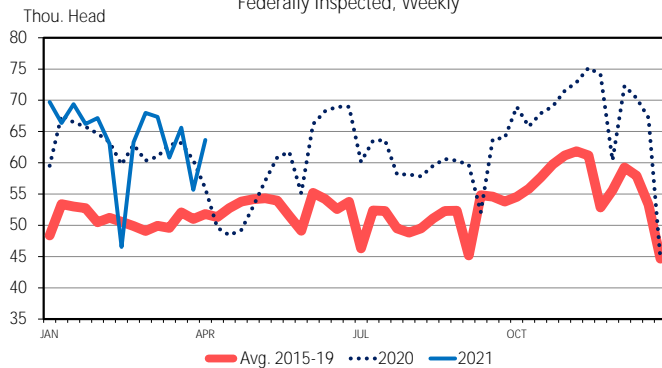


Continuing on yesterday's DLR breeding herd theme, today we are discussing the beef cow herd. Year to date federally inspected beef cow slaughter is larger than a year ago by 19,100 head or 2.2%. The first quarter of 2021 was the largest first quarter beef cow slaughter figure since 2010, and that's after a very large 2020 4th quarter value (largest 4th quarter since 2011). These large values imply the beef cow herd is experiencing culling at an increased rate and suggests the downward trajectory of the cattle cycle has not shifted.

BEEF COW SLAUGHTER Federally Inspected, Weekly



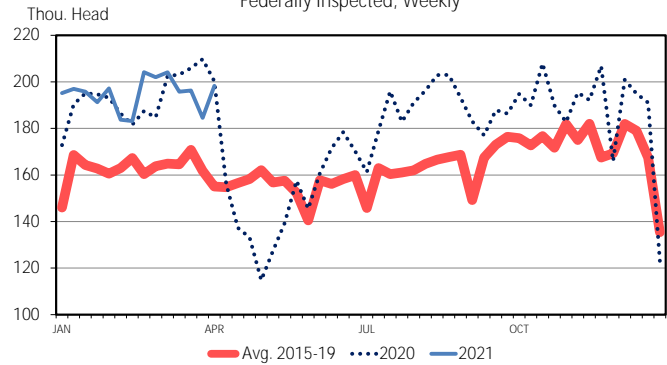
Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

C-S-34
04/23/21

Heifer slaughter has been larger during the first quarter of 2021 as well. This year is about 20,344 head higher than last year. March posted the largest heifer slaughter month since October 2019. Those high volumes suggest that herd turnover is not freshening the herd with younger cows but is shrinking. Higher calf prices maybe incentivizing producers to take money off the table in the midst of what is still considered an uncertain world. They may also be in areas where drought is a continuing concern from last year.

The mix of heifers on feed as a percent of the total remains high, similar to rates seen at the top of the last cattle cycle. The latest cattle on feed report indicated heifers were 37.7% of the on feed mix. Heifers on feed varies considerably state to state. In Arizona, California, and Minnesota the ratio is under 20%. Colorado, Idaho, Washington, and Kansas have more than 40% of heifers on feed. Typically, the ratio of heifers on feed will

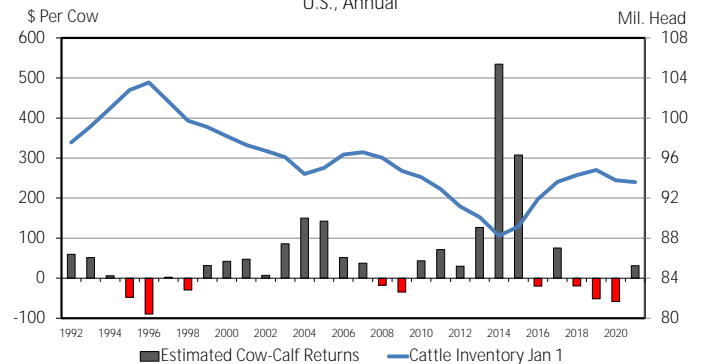
HEIFER SLAUGHTER Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

C-S-13
04/23/21

COW CALF RETURNS AND CATTLE INVENTORY U.S., Annual

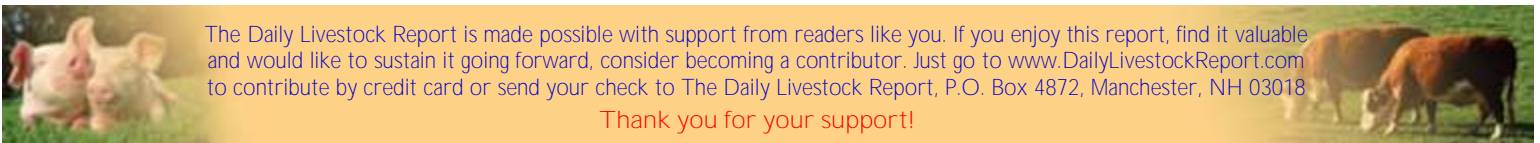


Data Source: USDA-AMS & USDA-NASS, Compiled and Analysis by LMIC
Livestock Marketing Information Center

C-P-67
04/08/21

need to decline in order to retain enough heifers to increase the size of the cow herd. The trajectory of the percent of heifers on feed declined substantially from 2012 to 2015, and have yet to see that pattern emerge.

LMIC estimates cow-calf returns will improve in 2021 and 2022, but may not be high enough to increase beef cow inventory. In the last two cattle cycles returns per head, have been in excess of \$100 per head to change the direction of the cow herd.



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